

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|--------------------------------------|-------------------|
| INVESTIGATION INTO THE PROPRIETY OF, |) |
| AND POTENTIAL SAFEGUARDS FOR, THE |) |
| PROVISION OF LOCAL EXCHANGE SERVICE |) CASE NO. 98-410 |
| BY GTE COMMUNICATIONS CORPORATION |) |

O R D E R

On December 18, 1997, in Case No. 97-442,¹ the Commission approved an interconnection agreement between GTE South Incorporated ("GTE South") and its competitive local exchange carrier ("CLEC") affiliate, GTE Communications Corporation ("GTE-CC"). Since the issuance of that Order, the Commission has, in Case No. 97-417,² been made aware of the potential for anticompetitive conduct that exists when an affiliate of an incumbent local exchange carrier ("ILEC") provides local service within its ILEC affiliate's franchised area.

Accordingly, the Commission on its own motion opens this docket to revisit the issue of GTE-CC's authority to duplicate the services of GTE South in GTE South's territory, and to examine whether procedures may be developed to enable the Commission to oversee the activities of GTE-CC so that opportunities and incentives to engage in anticompetitive conduct may be minimized.

¹ Case No. 97-442, The Interconnection Agreement Between GTE South Incorporated and GTE Communications Corporation.

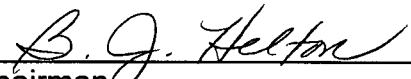
² Case No. 97-417, Application of BellSouth BSE, Inc. For Authority to Provide Local Exchange Service.

IT IS THEREFORE ORDERED that:

1. GTE South and GTE-CC are hereby made parties to this proceeding.
2. Within 30 days of the date of this Order, GTE South and GTE-CC shall file comments, including proposed safeguards to ensure anticompetitive conduct does not occur.
3. A copy of this Order shall be served on all parties to Case No. 97-417 and the Southeastern Competitive Carriers Association, 780 Johnson Ferry Road, Suite 700, Atlanta, Georgia 30342, so that they may petition to intervene.

Done at Frankfort, Kentucky, this 12th day of August, 1998.

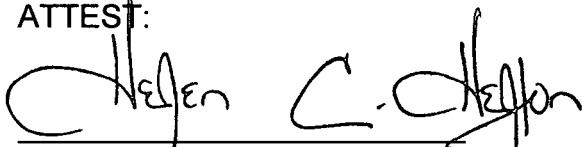
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director